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SUBJECT: FAO COUNCIL APPROVES NOVEMBER FOOD SECURITY SUMMIT, REVIEWS

REFORM PROGRESS AND CFS RENEWAL

¶1. This message is sensitive but unclassified. Not for internet distribution or distribution outside the USG.

Summary:

¶2. (SBU) During the 136th session of FAO Council, from June 15-19, members debated the merits of a proposal from Director General Diouf to host a Heads-of-State world food security "summit" in Rome this November. Following long and sharp debate over appropriate timing and proper planning, members eventually agreed to the proposal, though divisions were clear between developing and developed states on the issue. An open-ended working committee comprised of FAO member states must now negotiate the expected objectives of the summit, and FAO's Finance Committee in late July will review its funding plans (to be paid entirely from voluntary contributions). Council debate also covered details of FAO's reform plan implementation, its financial situation, efforts to "revitalize" the Committee on World Food Security (CFS) - including efforts to create a new "High Level Panel of Experts" - and a host of other technical issues. End summary.

November Food Summit Approved

¶3. (SBU) The most difficult issue debated during the 136th session of FAO Council was a proposal first made in October 2008 by DG Diouf to host a world food security summit in November, 2009 attached to the biennial FAO Conference. The discussion lasted over three days, with a clear split between G-77 (mostly in support) and the EU (minus France), Norway and Canada, whose position was that a summit in 2009 was premature. Key points raised by Norway, Germany, Canada, Australia, New Zealand, Japan, Colombia, , and others pertained mostly to concerns over the proposed timing of such an event, and concerns over Diouf's proposed objectives. The U.S. emphasized that any summit must be funded exclusively through extra-budgetary resources and proposed that a detailed financing plan be presented to the FAO Finance Committee at its July meeting. In order to lead discussion over setting objectives for the summit, the U.S. proposed formation of an open-ended working group which would work closely with the Independent Chair of Council. The Council eventually endorsed both proposals.

¶4. (SBU) Members of the G77, led by repeated emotional appeals

by Brazil, were vocal in their support for a November summit. Malaysia and Indonesia broke ranks with their Asia group colleagues, however, expressing reservations about the timing, particularly in light of overlap with a planned APEC Summit in Singapore. Further controversy ensued following the Chair allowing the DG's representative to read a list of 154 countries which supposedly "supported" the summit. Members were incensed that no caveats were included regarding conditions imposed on that support, and generally objected to the manner in which the Independent Chair of the Council (Iran) addressed the issue. As a result, Norway threatened to take its offer of \$450,000 off the table for funding of FAO's reform plan. On the final day of talks, the EU finally accepted the November timeframe, effectively ending the debate.

FAO Reform; Funding the Immediate Plan of Action (IPA)

15. (U) Status of reforms: FAO management reported that its reform process was the most ambitious one across the UN system, with an IPA containing more than 260 activities that should be implemented as an integrated package over the coming three years. These activities are grouped into 14 project areas led by project teams with both headquarters and decentralized office staff, and that work is progressing well. Almost 60 percent of the IPA activities are already being implemented, two percent on hold, and four percent already completed. FAO Management reported that a "Root and Branch" review by Ernst and Young identified, after further revision, cost savings a total net savings toward the costs of reform of USD 7.8 million during the coming seven years and biennial net savings of USD 13 million thereafter. Management stressed the challenge of launching certain reforms in light of a shortfall in voluntary funding for

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a handful of sequenced reforms such as an enterprise risk management study, creation of partnerships, and some human resource management plans.

16. (U) IPA Trust Fund: A discussion ensued on the currently low level of funding for the 2009 portion needed for FAO's reform plans. Management noted that of the roughly 17 million necessary for 2009 reform projects, only four million (of approximately 7 million pledged) had actually been received - putting sequenced reform plans in jeopardy. They called on members to meet the requirements and fulfil their pledges. The U.S. point that it continued to look for ways to provide a contribution for FAO reform was disappointing to FAO management and to EU members who have so far provided nearly 90 percent of monies received. During the same debate, Pakistan, Brazil and other G-77 members divisively insisted that no regular program funds should be diverted toward FAO reform in 2009, even in the unlikely event of further "windfall" savings from unexpected sources. Language permitting the diversion of such funds had already been agreed to earlier in Finance Committee, thus angering the Egyptian Chair of that committee, and raising doubts over the G-77's commitment to reform.

FAO Finances: Punishing Those in Arrears

17. (SBU) During a review of FAO arrears, the EU (driven, reportedly by France) proposed four-steps designed to deal with states in arrears, including (a) restriction for eligibility in Council elections and loss of seat in Finance and Program Committees, and Council Committees; (b) amendments of sanctions outlined in the Basic Texts so that only one full year of arrears (instead of two) would result in sanctions; (c) external borrowing costs due to late payments to be borne by countries with outstanding contributions; (d) rigorous application of existing regulations on loss of voting rights." The EU further recommended developing a set of guidelines setting out conditions for accepting voluntary contributions from Members in arrears (Comment: The effort seems directly pointed at the U.S., who is only now clearing out arrears from 2008 and prior. We expect this effort to dissipate once our 2008 Euro arrears are

cleared out, which we understand in its motion. End comment).

Committee on World Food Security

18. (U) CFS/Legal Issues. Agenda Item 18 concerned the reports of the Committee on Constitutional and Legal Matters (CCLM) and was divided into: 1) Changes in the Basic text required to implement the IPA; and 2) a proposed amendment to the Constitution regarding the Committee on Food Security (CFS). The CCLM received thanks for its work on changes to FAO's Basic Texts, which were accepted in full without controversy. One controversial issue - selection of a Director for a new Office of Evaluation - was removed from the agenda and will be debated in the Committee of Conference/Independent External Evaluation (COC-IEE) group and the Program Committee. French proposals to amend Articles III and V of the Constitution to raise the level of the CFS to a Committee of Conference, and to erase a requirement for CFS to report to Council on Program and Budget matters were more problematic. Although all members agreed with the goal of strengthening the CFS, many were sceptical on the French proposals, calling for a response from UN New York's Legal Office on reporting lines to UNGA and ECOSOC. They were also leery of removing the requirement for CFS to work through Council on budget issues, in compliance with recent changes in FAO's reform plan. With consensus absent, the matter was diverted to a "Friends of the Chair" group where Jordan took the lead in negotiating language to: 1) send the matter back to the CFS contact group for further discussion; 2) direct the contact group to work through the CCLM on any refinements to the language; 3) request FAO Legal to seek clarification from UN New York; and 4) direct the DG to forward France's proposal to member states at least 120 days prior to November 2009 Conference, without prejudice to the outcome of talks. This language was eventually approved by Council.

CFS - High Level Panel of Experts

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19. (SBU) Members also debated a proposal from DG Diouf to form a new High Level Panel of Experts as an adjunct body to assist a reformed Committee on World Food Security (CFS). After numerous members pointed out problems with the manner in which FAO had pursued the issue, responsibility for discussion on planning for any new panel was assigned to the CFS Bureau and a Working Group led by the U.S. Mission. The U.S. and others argued that creation of an expert panel for the CFS should await clear member ownership of the process, and clarity on funding, selection modalities, and terms of references. The CFS Bureau is expected to finalize a paper with its recommendations on reform by late July, including on an expert panel, to prepare for full debate on reform during the October session of CFS in Rome. France, Brazil, and many other states are pressing hard for the panel, despite lack of clarity on key details.

Other Items

10. (U) WFP reports. Due to dual parentage with FAO, there was a session to review reports on WFP's 2007 and 2008 activities, during which the U.S. commended WFP's commitment to promote food security, while Cuba, Brazil, and Zimbabwe stressed the importance of fulfilling WFP's dual mandate -- implementing development activities alongside emergency operations.

11. (U) Regarding the calendar of future governing body and technical committee meetings, discussion took place on the possibility of maintaining the current schedule for meetings of the Committee on Fisheries (COFI). Council concluded that once ongoing deliberations on alternative meeting dates is concluded between the COFI Chairman, FAO management, and member states, the issue should be resolved in time for the next session of Council in September 2009, for final approval by Conference in November. Interventions by the U.S. mission highlighted this

issue for further debate among interested parties.

Comment

¶12. (SBU) Approval of the November Summit was clearly the highlight of the week's debate, and was gloated over by Diouf during a joint Friday afternoon press conference (with WFP ED Sheeran and an IFAD Assistant President) announcing new hunger statistics topping one billion. While noting that a committee of member states would negotiate the expected outcomes of the summit, that did not stop him from listing the same proposed outcomes that we had found rather problematic in draft Council papers. We will need to continue monitoring the progress in FAO reforms, to minimize the distraction factor, and any possible resource diversions that could damage the organization's efforts to modernize. This continues to be a challenge, though it will be greatly assisted by a USG contribution to the IPA Trust Fund for reform, giving us additional leverage to press effective approaches to Human Resource management, financial oversight, programmatic controls and evaluation. Last, Brazil made clear that it wants to use the November summit as a means to push the issue of Voluntary Guidelines on the Progressive Realization of the "Right to Food" (a concept also pushed by many European countries, but an issue that the U.S. has long opposed based on legal grounds). We must be prepared to address this issue in November, the CFS, and other multilateral fora.

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